

VZCZCXRO9482
OO RUEHDT RUEHPB
DE RUEHHM #0510/01 1770456
ZNR UUUUU ZZH
O P 260456Z JUN 09
FM AMCONSUL HO CHI MINH CITY
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5903
INFO RUCPDO/USDOC WASHDC PRIORITY 0140
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHC/DEPT OF LABOR WASHINGTON DC
RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE
RUEHHI/AMEMBASSY HANOI PRIORITY 3835
RUEHHM/AMCONSUL HO CHI MINH CITY 6139

UNCLAS SECTION 01 OF 02 HO CHI MINH CITY 000510

SENSITIVE
SIPDIS

STATE FOR EAP/MLS, USAID/ANE, EEB/TPP/BTA/ANA, DRL/AWH
USDOC FOR 4431/MAC/AP/OPB/VLC/HPPHO
USTR FOR BISBEE
TREASURY FOR CHUN

E.O. 12958: N/A

TAGS: [ECON](#) [ELAB](#) [EIND](#) [PREL](#) [CM](#) [VM](#)

SUBJECT: "DONG NAI ROUNDUP" ILLUSTRATES COMPLEXITIES OF CHINESE LABOR
IN VIETNAM

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11. (SBU) SUMMARY. One aspect of the recent bauxite debate sure to raise the blood pressure of any Vietnamese walking down the streets of Ho Chi Minh City is the reported strong presence of foreign -- read Chinese -- laborers, in the projects. Ever since that debate prompted Prime Minister Nguyen Tan Dung to order a review of work permits for foreigners, HCMC's newspapers have been filled with stories of Chinese laborers in jobs the writers assert could be filled by Vietnamese. Dong Nai provincial officials say that June 22 media reports of a mass repatriation of Chinese workers from the province illustrates that these situations are complicated, with the media sensationalizing events, and often, with skilled Chinese doing work that local Vietnamese cannot. But perception may trump reality. Chinese Consul General Xu Mingliang noted to the Consul General recently that their "citizen services work load" in the industrial provinces around HCMC has risen in the last month, fueled by an uptick in detentions and repatriations.
END SUMMARY.

The Media Takes Stock of Labor

12. (SBU) In the past few months, the presence of illegal workers in central and southern Vietnam has become a hot topic with the HCMC media, and in turn, the provincial Departments of Labor, Invalids and Social Affairs (DoLISA). Dong Nai, Quang Nam and Lam Dong provinces were all reported to be major venues for DoLISA investigations into illegal workers in May and June. As unease about the impact of the global economic downturn on Vietnam's economy persists, the press has given increasing coverage to the presence of illegal labor. Some articles touted the Prime Minister's call for greater measures to prevent illegal foreign workers from entering Vietnam, while others enumerated what conditions must be met in order for a foreigner to work in Vietnam. More strikingly, other reports highlight the "social evils" brought by illegal laborers; Vietnam Net recently posted a video from April of a mob Chinese workers attacking and beating a local family in Thanh Hoa.

Roundup in Dong Nai Province

13. (SBU) One story this week tied these economic and nationalist anxieties together with one neat bow. On June 22, Vietnam Net reported that Dong Nai DoLISA officials had repatriated illegal unskilled Chinese workers from Phuoc Khanh commune. A Vietnam Net reporter described witnessing taxis arriving at the Cong Thanh cement factory on June 19 to transport 200 Chinese workers

to Tan Son Nhat Airport, adding that a Dong Nai taxi driver confirmed the same account. One newspaper wrote that nearly one-third of all foreign workers in Dong Nai are working illegally. According to another report 1,500 of 7,000 foreign workers in Dong Nai province are Chinese.

But Really, More Smoke Than Fire

14. (SBU) While warning she had not read the press reports, Dong Nai DoLISA Director Ms. Le Thi My Phuong confirmed for the Consulate that she is aware that a Chinese construction company that Cong Thanh Cement Company hired to build its cement factory in Phuoc Khanh commune employs unskilled Chinese workers. Provincial DoLISA inspectors recently reviewed Cong Thanh workers' entry visas and temporary residency permits, but issued work permits only to Chinese laborers who have skills that couldn't be found locally. She said that the workers have not been repatriated to China, and that while the company had been given a warning and workers fined 5 million VND (\$275) and told to return to China, the province doesn't have the legal authority to compel them. She added that the workers were brought to Vietnam by a Chinese construction contractor, who had obtained visas and residence permits, but not working permits, which are not available for unskilled laborers. Dong Nai police later clarified that the relevant legal instrument (Decree 113/ND-CP) does not provide provincial officials with the authority to deport/expel illegal workers.

COMMENT:

15. (SBU) Most labor experts in Ho Chi Minh City refuse to believe that contractors could save money by bringing in unskilled Chinese laborers -- cheap labor from China is more expensive than cheap labor in Vietnam. But so long as Vietnamese contractors choose Chinese subcontractors, language and familiarity likely mean a steady flow of Chinese laborers on

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construction sites in Vietnam. Vietnam walks a thin line here, since a hostile work environment might scare off the Chinese engineers, technicians and project managers crucial to a wide range of energy and infrastructure vital to the country's future. END COMMENT.

16. (U) This cable was coordinated with Embassy Hanoi.
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